

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Adopted: July 31, 2000

Released: August 1, 2000

Mr. Stanley Sigman
Group President – SBC National Operations
SBC Communications, Inc.
175 E. Houston Street
San Antonio, TX 78205

Dear Mr. Sigman:

As part of the semi-annual review of SBC's Carrier-to-Carrier Performance Plan, we have met with your staff to discuss possible changes to SBC's performance measurements.¹ During the review, we proposed the five following changes to the performance measurements:

- 1) Revise the "parity measure" to use SBC's Advanced Services Affiliates instead of the SBC's incumbent LECs, where appropriate;²
- 2) Remove the results of SBC's Advanced Services Affiliates from the CLEC aggregate;³
- 3) Report the results for SBC's Advanced Services Affiliates separately from the CLEC aggregate;
- 4) Subject the line sharing sub-measurements to a low volume multiplier;⁴ and

¹ Applications of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Commission's Rules, CC Docket 98-141, *Memorandum Opinion and Order*, 14 FCC Rcd 14,712, 14,999 – 15,001, 15,041 (1999) ("*Merger Conditions*"). Because it has received section 271 approval for Texas, SBC is no longer required by the *Merger Conditions* to report Texas performance measurements results. See SBC No Longer Required To Report Texas Performance Measurements Results Under SBC/Ameritech Merger Conditions, *Public Notice*, DA 00-1559 (rel. July 12, 2000).

² The service SBC's incumbent LECs provide to CLECs is compared to a "parity measure," which should reveal whether SBC treats its retail operations better than CLECs. The *Merger Conditions*, however, require SBC to provide DSL, frame relay, and other advanced services through a separate affiliate. Service from SBC's incumbent LECs to their Advanced Services Affiliates is therefore the appropriate parity measure for the associated performance measurements. An example is FCC Measurement 8, which tracks DSL provisioning.

³ Currently, SBC's incumbent LECs' service to their Advanced Services Affiliates is included in the "CLEC aggregate." This could skew the picture of SBC's performance to unaffiliated carriers. Specifically, if SBC gives better service to its affiliates than unaffiliated CLECs, the CLEC aggregate appears better generally and, therefore, more in parity with its end-user service. Perversely, by favoring its affiliates SBC can avoid the appearance of discrimination and, ultimately, reduce its payments for poor performance. Removing its affiliates from the CLEC aggregate should address this situation.

⁴ A low volume multiplier trebles payments for certain measurements to discourage SBC from neglecting emerging markets, such as that for line shared loops. See *Merger Conditions* at 15,043-44.

- 5) Substitute a new method for measuring SBC's performance for "hot cuts."⁵

Your staff offered no objection to these recommendations. Therefore, SBC should modify its performance measurements to reflect these changes, effective August 1, 2000. SBC should report its August 2000 results by September 20, 2000.

I understand that the Texas and California commissions are continuing to review the performance measurements for their respective states and may adopt additional changes that could affect the Carrier-to-Carrier Performance Plan. Pursuant to the *Merger Conditions*, SBC must provide notice to the Chief of the Common Carrier Bureau prior to implementing additional changes.

Please do not hesitate to contact me if I can be of further assistance. You may also contact Mark Stone in the Common Carrier Bureau directly at (202) 418-0816 for further information on this matter.

Sincerely,

Carol E. Matthey
Deputy Chief, Common Carrier Bureau

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⁵ Specifically, Texas measurement 114.1, *Loop Disconnect/Cross Connect Interval*, should be substituted for FCC Measurement 16. The new measurement should more thoroughly capture hot cuts problems.